

February 9, 2024

Councilmember Raul A. Campillo
Raul Campillo for City Council District 7 2020
202 C Street 10th Floor
San Diego, CA 92101

SENT VIA E-MAIL

Re: Raul Campillo for City Council District 7 2020 (ID # 1415303)

Dear Councilmember Campillo:

The Ethics Commission audit of the above-referenced committee is now concluded, and the Final Audit Report is enclosed. This report was delivered to the Ethics Commission at its regularly-scheduled meeting held on February 8, 2024.

Sincerely,

[REDACTED]

Rosalba Gomez
Audit Program Manager

Enclosure

cc: Ms. Taryn Vogel, Treasurer
19788 Old Blueridge Road
Bluemont, VA 20135

FINAL AUDIT REPORT

September 25, 2023

Councilmember Raul A. Campillo
Raul Campillo for City Council District 7 2020
202 C Street 10th Floor
San Diego, CA 92101

Treasurer: Taryn Vogel
19788 Old Blueridge Road
Bluemont, VA 20135

SAN DIEGO ETHICS COMMISSION
AUDIT REPORT:
Raul Campillo for City Council District 7 2020

I. Introduction

This Audit Report contains information pertaining to the audit of the committee, Raul Campillo for City Council District 7 2020, Identification Number 1415303 (“the Committee”) for the period from January 22, 2019, through December 31, 2021. The Committee was selected for audit by a designee of the City Clerk in a random drawing conducted at a public meeting of the Ethics Commission held on September 9, 2021. The audit was conducted to determine whether the Committee materially complied with the requirements and prohibitions imposed by the City of San Diego’s Election Campaign Control Ordinance (San Diego Municipal Code Chapter 2, Article 7, Division 29). The Election Campaign Control Ordinance (ECCO) has been amended on several occasions; all Municipal Code references in this report relate to the provisions of ECCO that were in effect at the time of the actions described herein.

During the period covered by the audit, the Committee reported total contributions of \$236,527.87 (inclusive of \$3,983.37 in non-monetary contributions) and total expenditures of \$388,596.70. Total cash contributions relative to total expenditures resulted in a \$148,668.51 differential that was reconciled by the Committee’s miscellaneous increase to cash. **The audit revealed four material findings:**

- **The committee maintained more than one campaign checking account, in violation of San Diego Municipal Code section 27.2916.**
- **The committee failed to make disclosures in three categories of campaign activity, in violation of San Diego Municipal Code section 27.2930.**

II. Committee Information

On December 17, 2020, the Committee filed a Statement of Organization with the San Diego City Clerk indicating that it qualified as a committee. The Committee was formed to support the election of Raul Campillo for Council District 7 in the March 3, 2020, primary election and the November 3, 2020, general election. The Committee has not terminated. The Committee's treasurer is Taryn Vogel of BlueBird Consulting LLC.

III. Audit Authority

The Commission is mandated by San Diego Municipal Code section 26.0414 to audit campaign statements and other relevant documents to determine whether campaign committees comply with applicable requirements and prohibitions imposed by local law.

IV. Audit Scope and Procedures

This audit was performed in accordance with generally accepted auditing standards. The audit involved a thorough review of the Committee's records for the time period covered by the audit. This review was conducted to determine:

1. Compliance with all disclosure requirements, pertaining to contributions, expenditures, accrued expenditures, and loans, including itemization when required;
2. Compliance with applicable filing deadlines;
3. Compliance with restrictions on contributions, loans and expenditures;
4. Accuracy of total reported receipts, disbursements and cash balances as compared to bank records; and
5. Compliance with all record-keeping requirements.

V. Summary of Applicable Law

Section 27.2916 - Campaign Contribution Checking Account

- (a) Every *controlled committee* that accepts *contributions* and every *primarily formed recipient committee* shall establish one campaign checking account at a bank or other financial institution with an office or branch in the state of California.

....

Section 27.2930 - Base Level of Campaign Statements and Disclosures

Each *candidate* and *committee* shall file campaign statements in the time and manner required by California Government Code sections 81000 *et seq.* and title 2 of the California Code of Regulations...

....

California Government Code Section 84211 - Contents of Campaign Statement

Each campaign statement required by this article shall contain all of the following information:

....

- (c) The total amount of contributions received during the period covered by the campaign statement from persons who have given a cumulative amount of one hundred dollars (\$100) or more.

....

- (l) In the case of a controlled committee, an official committee of a political party, or an organization formed or existing primarily for political purposes, the amount and source of any miscellaneous receipt.

....

California Government Code Section 84303 - Expenditure by Agent or Independent Contractor

- (a) An expenditure of five hundred dollars (\$500) or more shall not be made, other than for overhead or normal operating expenses, by an agent or independent contractor, including, but not limited to, an advertising agency, on behalf of or for the benefit of a candidate or committee unless it is reported by the candidate or committee as if the expenditure were made directly by the candidate or committee.

....

Section 27.2934 - Contribution Limitations for Political Party Committees

- (a) A political party committee, as defined in California Government Code section 85205, shall not be prohibited from making contributions to a candidate or controlled committee in a City candidate election, but shall be subject to the restrictions set forth in this section.

VI. Material Findings

Section 27.2916 - Campaign Checking Account

SDMC section 27.2916 requires committees that accept contributions to open one campaign checking account. The audit review found that the Committee opened and used two separate campaign checking accounts. The following table reflects the Committee's operating dates for

the campaign checking accounts:

Campaign Checking Bank Account	Opening Date	Closing Date
Mission Federal Credit Union x9195	01/30/19	12/04/20
Mission Federal Credit Union x9398	12/05/19	11/10/20
Union Bank	12/04/20	ongoing

The Committee submitted a completed audit questionnaire which stated that the second Mission Federal Credit Union x9398 account was used “to segregate general election contributions until the primary was concluded.”

The above-noted table reflects that the Committee opened and used two separate campaign checking accounts during the period of December 5, 2019, through November 10, 2020, in violation of Section 27.2916.

At the post audit conference held on August 8, 2023, the Committee acknowledged that it was unaware that committees are allowed a single checking account. However, they emphasized that the secondary concurrent checking account was held to comply with the regulatory segregation requirements of primary and general election contributions. The Committee stated its overall actions reflect its intent was to substantially comply with applicable regulations.

Section 27.2930 - Campaign Disclosures

Section 27.2930 incorporates the California campaign disclosure requirements.

- A. California Government Code section 84211(c) requires committees to disclose and itemize the receipt of cumulative contributions of \$100 or more received during a campaign statement period. The Committee received, deposited, and reported two San Diego Democratic County Party checks and reported them as member communication reimbursements and miscellaneous increase to cash in their Forms 460 Schedule I. The following table reflects the reported deposits:

Date	Description	Amount
04/13/20	Reimbursement for member communications	\$ 3,000.00
06/29/20	Miscellaneous Increases to Cash	\$ 8,400.00
		\$ 11,400.00

The audit review determined that the above-noted San Diego County Democratic Party deposits were in fact allowable political party contributions to the Committee. Section 27.2934 allows political party committees to make contributions to candidates within certain limits. The 2020 primary and general election allowable maximum for each election was \$11,400.00. According to Committee representatives, the April 2020 and June 2020 political party contributions were unintentionally and erroneously reported as

miscellaneous deposits. The Committee failed to adhere to the purpose and intent of the contribution disclosure requirement, which is to let the public know the name and source of political party contributions.

At the post audit conference held on August 8, 2023, the Committee representatives acknowledged the contribution disclosure mistake noting it was unintentional; they asserted that its overall actions evidence its intent to substantially comply with applicable regulations.

- B. California Government Code section 84211(l) requires committees to disclose the amount and source of miscellaneous deposits. The audit review found that the Committee did not report a \$1,895.00 San Diego County Democratic Party electronic deposit received on October 14, 2020. Committee documents presented at audit reflect that the \$1,895.00 deposit was a reimbursement for member communication expenditures. Committee representatives stated that the deposit omission was an unintentional error. The Committee’s failure to disclose the \$1,850.00 deposit deprived the public of information concerning the source of the miscellaneous funds.

At the post audit conference held on August 8, 2023, the Committee conceded that they failed to report the \$1,895.00 San Diego County Democratic Party reimbursement; they noted that it was an unintentional omission.

- C. California Government Code section 84303 requires expenditures of \$500 or more made on behalf of a committee by an agent or independent contractor to be reported in campaign finance statements. The audit found that the Committee disbursed payments to vendors that included subvendor fees of \$500 or more. The vendor payments were for campaign literature, digital advertisements, and campaign staff salaries. The Committee timely and accurately reported the subvendor expenditures for its campaign staff salaries, however, the campaign literature and digital advertisement subvendor fees were not reported in the requisite campaign statements.

The following table details the omitted Committee subvendors, campaign periods, and associated amounts.

Vendor	Subvendor	Campaign Period	Amount
BaughmanMerrill	USPS	1/19/20 - 2/15/20	\$ 3,271.58
Allegra	USPS	1/19/20 - 2/15/20	\$ 1,151.53
Allegra	USPS	2/16/20 - 6/30/20	\$ 1,724.67
BaughmanMerrill	USPS	2/16/20 - 6/30/20	\$ 3,209.02
BaughmanMerrill	USPS	2/16/20 - 6/30/20	\$ 3,271.58
BaughmanMerrill	Facebook	2/16/20 - 6/30/20	unknown
BaughmanMerrill	USPS	7/1/20- 9/19/20	\$ 2,660.22
BaughmanMerrill	USPS	9/20/20 - 10/17/20	\$ 2,498.51
BaughmanMerrill	USPS	9/20/20 - 10/17/20	\$ 2,587.91

BaughmanMerrill	USPS	9/20/20 - 10/17/20	\$ 2,587.91
BaughmanMerrill	Facebook	9/20/20 - 10/17/20	unknown
Allegra	USPS	10/18/20 - 12/31/20	\$ 786.97
BaughmanMerrill	USPS	10/18/20 - 12/31/20	\$ 2,006.16
BaughmanMerrill	USPS	10/18/20 - 12/31/20	\$ 1,625.78
BaughmanMerrill	USPS	10/18/20 - 12/31/20	\$ 2,784.36
BaughmanMerrill	USPS	10/18/20 - 12/31/20	\$ 2,320.06
BaughmanMerrill	USPS	10/18/20 - 12/31/20	\$ 2,320.06
			\$ 34,806.32 + unknown amounts

Committee representatives said their understanding was that project-based payments did not require additional disclosure for the delivery of products (such as stamps for mailers) when a subvendor did not have a direct relationship with the committee. However, Ethics Commission staff records dated October 25, 2019, note that the agent or independent contractor expenditure disclosure requirements were verbally communicated to the Committee candidate, Raul Campillo. The Committee failed to adhere to the purpose and intent of the expenditure disclosure requirement, which is to let the public know the names of subvendors and the amounts of subvendor fees.

At the post audit conference held on August 8, 2023, the Committee representatives stated that the October 25, 2019, Ethics Commission staff communication did not include in depth explanations about what should be included in the disclosure reports. In addition, they reiterated that their understating of the subvendor disclosure requirements was that project-based payments for products that did not have a direct relationship with the committee were not subject to additional disclosure.

VII. Conclusion

Through the examination of the Committee’s records and campaign disclosure statements, the Auditor verified that the Committee timely disclosed all contributions received and all expenditures made, and that the Committee maintained all necessary documentation regarding contributions and expenditures in accordance with disclosure and record-keeping provisions of ECCO, with the following exceptions:

- **The committee maintained more than one campaign checking account, in violation of San Diego Municipal Code section 27.2916.**
- **The committee failed to make disclosures in three categories of campaign activity, in violation of San Diego Municipal Code section 27.2930.**

[REDACTED]

Rosalba Gomez
Audit Program Manager

Date

[REDACTED]

Sharon Spivak
Executive Director

Date